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Political Activity Audit:  
RISE Institute

FINANCIAL AUDITS  
DIVISION



May 3, 2006  
05067





**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ed Harrington**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

May 3, 2006

Audit Number 05067

Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**President and Members:**

The Office of the Controller (Controller) presents its report concerning the audit of RISE Institute (RISE) and its compliance with the City and County of San Francisco (City) ordinance prohibiting the use of city funds for political activity. RISE entered a contract for \$154,000 with the Department of Public Health's Community Behavioral Health Services (department). According to its contract, RISE was to provide mentoring and shadowing services, tutoring and after school care for children and adolescents with severe emotional disturbances who are affiliated with the Family Mosaic Project. The contract is subject to the City's prohibition on political activity.

We conducted this audit to meet the San Francisco Administrative Code's (Administrative Code) requirement that the Controller audit annually at least 10 persons or entities that enter contracts, grants or loan agreements with the City. The Controller seeks to ensure that the persons or entities comply with Chapter 12G of the Administrative Code, which prohibits the use of city funds for political activity. The Administrative Code defines political activity as participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure.

The audit results indicate that RISE did not use for political activity any of the \$147,877 of city funds that it received for services provided under its July 1, 2004 contract.

Respectfully submitted,

Ed Harrington  
Controller



# INTRODUCTION

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## BACKGROUND

The prohibition against using city funds for political activity became part of the San Francisco Administrative Code (Administrative Code) after voters in the City and County of San Francisco (City) passed Proposition Q on November 5, 2002. The former proposition is now Chapter 12G of the Administrative Code, which defines political activity as participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure. Chapter 12G also requires that all City contracts, grants and loan agreements disclose the prohibition.

Each fiscal year, to ensure compliance with this prohibition, the Administrative Code requires the Office of the Controller to audit at least 10 persons or entities that enter contracts, grants or loan agreements with the City. This year we randomly selected RISE Institute (RISE), an organization that specializes in working with at-risk children who have been identified in need of psycho-educational therapeutic intervention, as one of our 10 mandated audits.

RISE entered a contract, on July 1, 2004, with the Department of Public Health's Community Behavioral Health Services (department), for \$154,000 to provide mentoring and shadowing services, tutoring and after school care for children and adolescents with severe emotional disturbances who are affiliated with the Family Mosaic Project. RISE received \$147,877 for services provided under its contract between July 1, 2004, and June 30, 2005.



## SCOPE AND METHODOLOGY

The purpose of this audit was to determine if RISE inappropriately expended any city funds participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure.

To conduct the audit, we first verified that RISE had a contract with the City that included the prohibition of using city funds for political activity. We verified all payments that the City made to RISE for services provided under the contract, from July 1, 2004, through June 30, 2005. We also assessed RISE's procedures for approving and recording financial transactions and tested, on a sample basis, expenditures we identified in RISE's accounting records. Additionally, we inquired of RISE officers whether RISE had spent city or other funds for purposes related to political activity. Finally, we searched the San Francisco Campaign Finance Database and the State of California's Cal-Access database, which both report campaign contributions, to verify that no political contributions by RISE were reported.



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# AUDIT RESULTS

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## RISE INSTITUTE COMPLIED WITH THE REQUIREMENT TO NOT USE CITY FUNDS TO PAY FOR POLITICAL ACTIVITIES

**R**ISE Institute did not use any of the \$147,877 of city contract funds that it received to participate in, support, or attempt to influence a political campaign for any candidate or ballot measure. During our audit of RISE's records, we found no evidence of expenditures for political activities. Additionally, we obtained written management representation that RISE had no expenditures related to any political activity. Furthermore, the City's Campaign Finance Database and the State of California's Cal-Access database did not show any evidence that RISE made any political contributions from July 1, 2004, through June 30, 2005, which was the period we reviewed.

We conducted this review according to the standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff: Debbie Gordon, Audit Manager  
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cc: Mayor  
Board of Supervisors  
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